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C O N F I D E N T I A L SECTION 01 OF 02 ASUNCION 000226

SIPDIS

STATE FOR WHA/BSC, EB/IFD/OIA, WHA/PPC, AND G/TIP
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR SCRININ AND LYANG
NSC FOR KIM BREIER
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD DAN JOHNSON

E.O. 12958: DECL: 02/11/2015

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SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, FEBRUARY
5-12

REF: A. ASUNCION 161

[1](#)B. 2004 ASUNCION 1473

Classified By: Charge Kevin M. Johnson For Reason: 1.5 (d).

[1](#)1. (U) SUMMARY:

-- Colman Congressional Scandal Continues
-- FonMin Meets Canadian leaders
-- Paraguay Seeks TIP Extradition from Spain
-- Chavez to Visit Paraguay?
-- Hijazi Officially Charged

Colman Congressional Scandal Continues

[1](#)2. (U) Colorado Deputy Julio Colman, embroiled last week in a scandal involving a suspect load of timber and threats to a prosecutor, told the press he would waive his Congressional immunity and face the charges against him, apparently at NDF,s urging. A Colorado Deputy told CDA, however, that Colman has cold feet, worried he would be immediately detained. Colman is preparing a counter-attack against the fiscal, charging her with a history of misconduct, and may now fight losing his immunity. Many Colorado party members voiced their support for Colman, and NDF reportedly told Senator Carrizosa that Colman is not corrupt. Many others, however, within the GOP as well as the NGO sectors have denounced Colman's actions and are calling for his removal from office and prosecution. Prosecutor Rafael Ojeda is seeking charges of making threats, obstruction of justice, and coercion. The Executive Colorado Party, and Lower House are all smeared by this gross, public abuse of power.

FonMin Meets Canadian leaders

[1](#)3. (U) Foreign Minister Leila Rachid visited Ottawa on February 8 as part of a North American visit. In meetings with FonMin Pierre Pettigrew and House of Commons Speaker Peter Milliken, Rachid discussed the ongoing negotiation of a free trade agreement between Canada and the Mercosur common market, which she revealed to be behind schedule. (Note: Paraguay presently holds the rotating presidency of Mercosur. End note.) According to Ines LeMinter, PolCoun at the Canadian Embassy in Buenos Aires, Rachid also pressed Pettigrew to reopen the Canadian Embassy in Asuncion, closed around a decade ago for financial reasons. LeMinter noted that DFAIT (the Canadian foreign ministry) is not contemplating any new posts in Latin America.

Paraguay Seeks TIP Extradition from Spain

[1](#)4. (U) Omar Mendoza, the Interpol liaison officer with the National Police, told PolOff the Spanish National Police arrested Paraguayan national Carolina Duarte this week and the GOP filed an extradition request. A trafficking victim from the city of Villarica identified Duarte as a member of the network that lured her to Spain with a false promise of employment in a supermarket. The victim was forced into prostitution upon arrival. (Note: two traffickers have already been convicted and sentenced in the case. End note.) This is the first attempt by the GOP to request a TIP-related extradition. Teresa Martinez, the leading TIP prosecutor in the Attorney General's office, told PolOff that Duarte identified two more members of the Villarica trafficking network to the Spanish police, and that her office used the information to file charges against the individuals (Duarte's brother, and a neighbor).

Chavez to Visit Paraguay?

15. (C) Despite FM Rachid's representations that she was trying to turn off a February 27-28 visit by Venezuelan President Hugo Chavez (ref A), the local press reported on 2/10 that Chavez still plans to visit and will meet with President Duarte to expedite an energy agreement signed by both countries last November (ref B). On 2/9, MFA Americas Director Cynthia Filartiga told PolOff that the MFA did not have confirmation one way or the other, and that the visit "was probably not going to happen."

Hijazi Officially Charged

16. (SBU) GOP prosecutors officially charged Kassem Hijazi on February 8 with tax evasion. Back taxes, interest and fines could surpass US\$ 7 million, sufficient for a 10-year jail term if convicted. They also announced that they would investigate 113 Ciudad del Este businesses linked to the transfers made by Hijazi. On February 4, Hijazi appeared before a judge to answer a request that he pledge additional assets (prosecutors asked for about US\$500,000) or face jail. The presiding judge decided to accept Hijazi's pledge of a lesser amount of property and he remains free, although one of the lead prosecutors told Econ Chief that Hijazi must show up weekly to sign a book and could be jailed if he misses and appearance, and that the Brazilian Hijazi cannot leave Paraguay. The prosecutor said he expected that the Brazilian authorities would cooperate in detaining Hijazi should he choose to flee to Brazil.

JOHNSON